



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## Turkey

### Grain and Feed

### Rice Update

**2004**

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**Report Highlights:**

MY 2004 rice production is now estimated higher, compared to earlier estimates. The current estimate is 538,000 MT for rough rice and 350,000 MT for milled rice. These increases are attributed to both increases in planting area (about 80,000 hectares) and yield. As a result of the increase in production, Turkey is expected to maintain its restrictive import regime to limit imports of rough and milled rice through at least January 2005.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Ankara [TU1]  
[TU]

Turkey's rice production is now estimated higher in MY 2004, according to industry sources. The same sources indicate that this is the result of both increases in the planting area and higher yields. Farmers increased the area due to last year's good prices. Prices remain high, in part, due to Turkey's new restrictive import regime for rice. Yields were also higher this year because of favorable weather conditions. PSD domestic consumption in MY 2002 and imports in MY 2003 were revised downward and area and production in MY 2003 were revised slightly upward according to industry sources.

Turkey normally consumes around 500,000 MT of rice a year, according to industry sources. This quantity may change within (+/-) ten percent depending upon prices. Turkish import needs are now projected to be 150,000 MT. With low international market prices, which are expected to further decline as the marketing year progresses, importers are not willing to import large quantities even without any restrictions from TMO. If they import, they will spread purchases throughout the year with the current expectations that prices will continue to go down.

In addition to general market conditions and import restrictions, imports from the United States may also be affected by increased shipping costs. Shipping costs for rice (or paddy) increased recently from USD 40 per MT to USD 80 per MT, while rates are only USD 10 per MT for containers from Egypt.

This spring and early summer, TMO sold most of its stocks to traders who were then given permission to import an equivalent quantity of rice. A total of 75,000 MT of milled rice (and/or rough rice milled equivalent) was imported, however traders indicate that none of this rice was U.S. origin. Most of the rice (or paddy) was being held in bonded warehouses. No other imports were allowed and this restriction is expected to remain in place until at least January 2005. Traders estimate that around 130,000 MT of rice (as milled equivalent) is still in the warehouses, which will be imported by traders as soon as they are able to obtain permission. TMO still has about 15,000 MT in stocks.

To avoid a repeat of its large purchases of domestic rice in 2003, TMO has been meeting recently with industry representatives. TMO officials are considering providing some incentives to importers for importing rice after January 1, 2005. According to one possible scheme, to be eligible for imports, traders would be 'requested' to buy rice from producers and document their purchases to TMO. Then, TMO will provide import licenses to those traders. Until there is a formal policy announcement, it is not clear how such an import licensing scheme will be implemented. As a result of Turkey's rice import quotas, U.S. exports of rice to Turkey have fallen considerably.

The rice harvest is expected to start shortly. TMO has not announced any price for procurement.

## PSD Table for Rice

Turkey Rice, Milled							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		09/2002		09/2003		09/2004	MM/YYYY
Area Harvested	70	70	70	75	75	80	1000 HA
Beginning Stocks	141	41	130	175	60	80	1000 MT
Milled Production	234	234	255	270	275	350	1000 MT
Rough Production	360	360	392	415	423	538	1000 MT
MILLING RATE (.9999)	6500	6500	6505	6500	6500	6500	1000 MT
TOTAL Imports	325	405	250	125	325	150	1000 MT
Jan-Dec Imports	350	325	150	75	300	150	1000 MT
Jan-Dec Import U.S.	139	116	0	50	0	50	1000 MT
TOTAL SUPPLY	700	680	635	570	660	580	1000 MT
TOTAL Exports	0	5	0	0	0	0	1000 MT
Jan-Dec Exports	0	2	0	0	0	0	1000 MT
TOTAL Dom. Consumption	570	500	575	490	580	500	1000 MT
Ending Stocks	130	175	60	80	80	80	1000 MT
TOTAL DISTRIBUTION	700	680	635	570	660	580	1000 MT